

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Transmittal of)
KAUAI ISLAND UTILITY COOPERATIVE)
For Approval of Changes to its)
Tariff to Implement Schedule TOU-S,)
Time-of-Use Solar Rate Pilot)
Program.)
_____)

TRANSMITTAL NO. 2015-01

(Non-Docketed)

DECISION AND ORDER NO. 33146

PUBLIC UTILITIES
COMMISSION

2015 SEP 21 P 1:58

FILED

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OF THE STATE OF HAWAII

In the Matter of the Transmittal of)	
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KAUAI ISLAND UTILITY COOPERATIVE)	Transmittal No. 2015-01
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For Approval of Changes to its)	Decision and Order No. 33146
Tariff to Implement Schedule TOU-S,)	
Time-of-Use Solar Rate Pilot)	
Program.)	
_____)	

DECISION AND ORDER

By this Decision and Order, the commission approves, subject to certain conditions, KAUAI ISLAND UTILITY COOPERATIVE's ("KIUC") Transmittal No. 2015-01, filed on June 22, 2015, as amended on June 25, 2015, July 7, 2015, and August 7, 2015.¹

As a result, the commission specifically approves KIUC's proposed Schedule TOU-S, its Time-of-Use ("TOU") Solar Rate Pilot Program, by which KIUC intends to offer a lower-priced TOU Period Rate for up to 300 residential customers who: (1) subscribe to KIUC's existing Schedule D, Residential Service; and (2) are equipped with smart meters. The underlying purpose of KIUC's pilot

¹Transmittal No. 2015-01; Attachment A; and Certificate of Service, filed on June 22, 2015, as amended on June 25, 2015, July 7, 2015, and August 7, 2015 (collectively, "Transmittal No. 2015-01").

program, in turn, is to incentivize and encourage residential participants, through KIUC's proposed TOU Period Rate, to modify their energy usage patterns by shifting more usage to the mid-daytime hours when KIUC's system is experiencing "excess" solar energy generation, i.e., during the proposed TOU Period from 9:00 a.m. to 3:00 p.m. Such a shifting of energy load (i.e., load shifting) is intended to decrease energy usage during periods when solar energy generation is not so readily available, i.e., during the proposed Non-TOU Period from 3:01 p.m. to 8:59 a.m., thereby mitigating curtailment issues and providing greater system stability.

I.

Background

KIUC is: (1) a Hawaii not-for-profit electric cooperative; and (2) the provider of electric utility service on the island of Kauai.

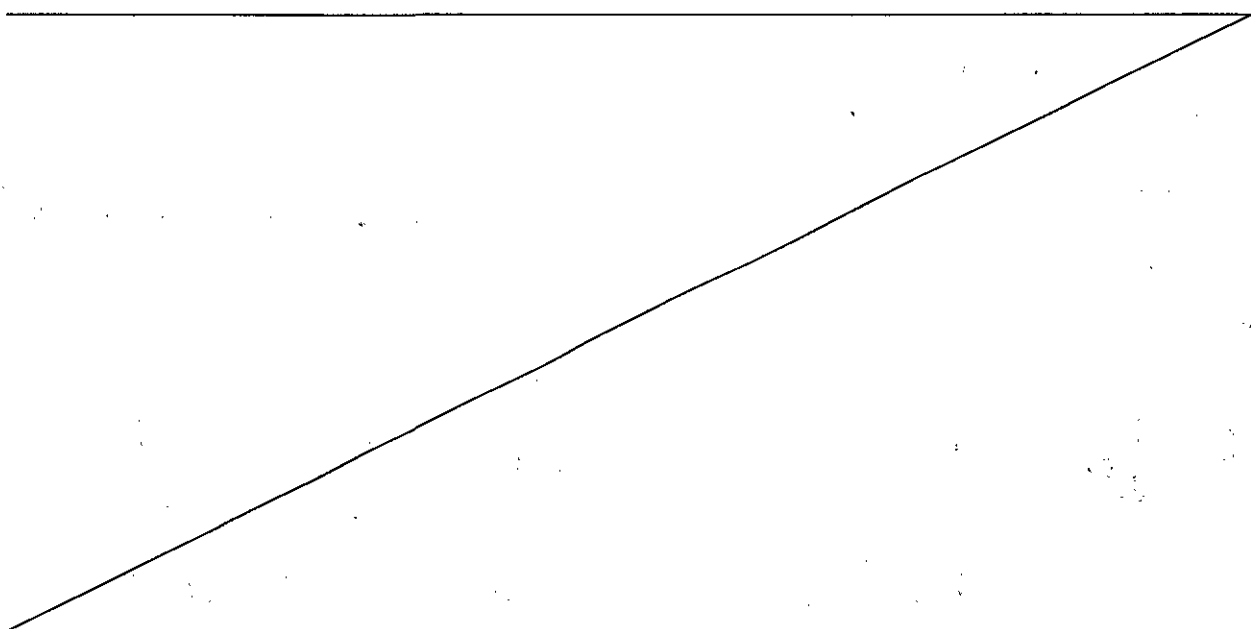
On June 22, 2015, KIUC filed its Transmittal No. 2015-01, seeking the commission's approval to implement its proposed TOU Solar Rate Pilot Program, i.e., its Schedule TOU-S tariff rule. Thereafter: (1) on June 25, 2015, July 7, 2015, and August 7, 2015, KIUC filed certain amendments to Transmittal No. 2015-01, primarily related to extending the transmittal's effective date.

KIUC filed its transmittal, as amended, pursuant to Hawaii Revised Statutes ("HRS") § 269-16 and Hawaii Administrative Rules § 6-61-111.

KIUC: (1) served copies of its transmittal, as amended, upon the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"); and (2) requests an effective date of September 24, 2015, following the expiration of the minimum thirty-day statutory notice period.

On September 9, 2015, the Consumer Advocate filed its position statement, stating its non-objection to the commission's approval of KIUC's transmittal, subject to certain conditions.

On September 15, 2015, KIUC filed its reply position statement, stating in general its non-objection to the Consumer Advocate's proposed conditions.



A.

KIUC's Existing Schedule D, Residential Service

KIUC's existing rates for residential service are set forth in Schedule D, as follows:

Rate:

Customer Charge: (Per Customer per month) \$10.58

Energy Charge:

Non-Fuel Energy (To be added to Customer \$0.15600 per kWh
(Non-Fuel and Charge) All kWh
Non-Purchased
Power Energy Cost only)

Fuel and (To be added to Customer \$0.19143 per kWh
Purchased Power Charge) All kWh
Energy (may include
ERAC on customer bills)

ERAC (To be added to Customer See below
Charge) All kWh

Minimum Charge: The minimum monthly charge \$13.50
shall be - (Per Customer
per month)

Resource Cost Adjustment Surcharge:

The Resource Cost Adjustment Surcharge shall be added to the Customer and Energy Charges, and energy cost adjustment.

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Energy Rate Adjustment Clause (ERAC):

This Energy Rate Adjustment Clause shall include the following:

FUEL AND PURCHASED ENERGY -

See KIUC's Tariff No. 1, Schedule D, at First Revised Sheets Nos. 63-66 (emphasis added).

B.

KIUC's Proposed Schedule TOU-S, TOU Solar Rate Pilot Program

KIUC's proposed Schedule TOU-S consists of three sections: (1) Availability; (2) Rates; and (3) Summary of Terms and Conditions. These sections are summarized as follows:

1. Section 1, Availability:

Limited to approximately 300 residential customers selected by KIUC and who: (A) subscribe to Schedule D, Residential Service; and (B) are equipped with smart meters.

2. Rates: Two rates will apply, the TOU Period Rate and Non-TOU Rate Period Rate.

TOU Period Rate

75% of the Non-TOU Period Rate, applicable from 9:00 a.m. to 3:00 p.m.

Non-TOU Period Rate

The Energy Charge set forth in Schedule D, Residential Service, applicable from 3:01 p.m. to 8:59 a.m.

Note: As set forth in Schedule D, the components of the Energy Charge are the Non-Fuel Energy; Fuel and Purchased Power Energy Charge; and ERAC.

3. Summary of Terms and Conditions:

The purposes of Schedule TOU-S are to:

- A. Broaden direct customer participation in renewable energy programs; and
- B. Test whether reduced rates for usage during peak solar periods are effective in sufficiently modifying usage patterns

(increasing load during peak solar periods and decreasing load during non-solar periods), thereby contributing towards a solution to the curtailment issue associated with the large amount of photovoltaic ("PV") resources that have been added to KIUC's system.

"[T]he TOU Period Rate will be available to program participants for a one-year period following selection and completion of participant training."²

Approximately 300 residential customers/participants will be solicited and selected by KIUC based on energy usage profiles, collected through smart meter customer data that appears favorable to load shifting.

Each participating residential customer must agree to:

- A. Participate in training and other meetings organized by KIUC in connection with the pilot program; and
- B. Provide relevant information to KIUC (i.e., an energy journal), upon request.

Each participating residential customer shall be eligible for up to \$200 in payment towards the installation of a timer on a water heater or any KIUC-approved device that facilitates load shifting to TOU hours.

See also Transmittal No. 2015-01, Section V.A, Selecting the Pilot Group, 6-8, and Section V.C, General Participation Process, at 11-12.

²Proposed Schedule TOU-S, at Original Sheet 139.

B.

Objectives and Other Details of the Pilot Program

KIUC, in the text of its transmittal, explains the objectives and other details of its pilot program, as follows:

1. Evaluation: KIUC seeks to collect data and information in order to evaluate:

Whether residential TOU solar rates are effective or not effective for KIUC from marketing, administrative, engineering, financial, and customer acceptance perspectives.

How interested residential customers are in a TOU solar rate offering that lowers energy rates and costs during daylight hours. Also, will such customers take advantage of such an offer.

How effective would a TOU solar rate option be to encourage residential load shifting to KIUC's period of high solar generation.

How effective would a TOU solar rate option be as an alternative to residential customers who either cannot or do not want to install their own solar generation.

Any potential unintended consequences residential TOU solar rates may have on KIUC from engineering and financial perspectives.

See Transmittal No. 2015-01, at 5-6; see also id., at 12 (KIUC intends to evaluate Schedule TOU-S from the residential customers' and KIUC's perspectives).

2. Results of Evaluation: Based on the results of the pilot program, KIUC intends to decide whether to:

(A) terminate the pilot program and abandon any plans for the

long-term or permanent implementation of TOU solar rates; (B) modify the pilot program design and propose to launch a successor pilot program to re-test the concept; or (C) propose the implementation of a full-scale, more permanent TOU solar rate program.³

3. Timeline: KIUC will implement the TOU Period Rate for a one-year period, i.e., "the TOU Period Rate will be available to program participants for a one-year period following selection and completion of participant training."⁴

That said, KIUC estimates that the pilot program, from the selection of the participants to the expiration of the one-year TOU Period rate, will take approximately seventy weeks.⁵ Thereafter, "an 8-week period of data evaluation and reporting is anticipated."⁶ KIUC's breakdown of the total approximate 1-1/2 year period (i.e., approximately seventy-eight weeks) is as follows:

³Transmittal No. 2015-01, at 5 and 13.

⁴Proposed Schedule TOU-S, at Original Sheet 139, as amended on June 25, 2015.

⁵See Transmittal No. 2015-01, Section V.F, Pilot Program Timeline, at 14-15.

⁶Transmittal No. 2015-01, at 14.

A. Weeks 1 to 16: Pre-Implementation: Various pre-implementation tasks, including the recruitment, selection, and training of the participants.

B. Week 17: Implementation: Implementation of the one-year pilot period.

C. Week 70: Termination of the one-year pilot period.

D. Week 71 to 78: Post-Implementation: KIUC's evaluation of the collected data.

4. Recovery of Pilot Program Costs: KIUC: (A) states that the pilot program "is not anticipated to be a cost-intensive program[;]" and (B) estimates that the cost of the pilot program will be \$125,000. Thus, KIUC "will not, at this time, seek to recover costs associated with implementation of the pilot program through the residential component of KIUC's Resource Cost Adjustment Surcharge."⁷

C.

KIUC's Position

KIUC asserts that its proposed Schedule TOU-S is reasonable and in the public interest. In support thereto, KIUC states:

⁷Transmittal No. 2015-01, at 13.

1. Purpose: The purposes of Schedule TOU-S are to:
(A) broaden direct customer participation in renewable energy programs; and (B) address "the curtailment issue associated with the large amount of PV resources that have been added to KIUC's system, while at the same time avoiding unnecessary risk and minimizing harm from unintended consequences associated with an untested, theoretical idea."⁸

A. Broaden Direct Customer Participation in Renewable Energy Programs: Schedule TOU-S provides a means for residential customers who are unable to or choose not to install individual rooftop solar systems to directly participate in a program which promotes and enhances renewable energy projects.⁹

B. Addressing Curtailment: The large amount of PV resources added to KIUC's system during daytime hours raises the issue of curtailment, which "occurs when, in a given time period, there is too little load to accept the amount of generation occurring simultaneously. In concept, the solutions to this imbalance are relatively simple. Either: (1) the amount of generation has to be reduced, or (2) the amount of load has to be increased."¹⁰

⁸Transmittal No. 2015-01, at 15-16; see also id., at 3.

⁹Transmittal No. 2015-01, at 3-4.

¹⁰Transmittal No. 2015-01, at 4.

Schedule TOU-S provides KIUC with the opportunity to test this concept by providing "participating KIUC customers with incentives, in the form of a lower rate during a specified time period, to attempt to modify their usage patterns by shifting more usage to periods when excess renewable generation is occurring, and thereby decreasing usage during other periods when renewable generation is not as available."¹¹

2. Non-TOU Period Rate: The Non-TOU Period Rate equates to the Energy Charge that is set forth in Schedule D, Residential Service.

KIUC chose to set the Non-TOU Period Rate "at current rates so as not to pose a higher bill risk to participating customers who may try, but ultimately fail, to shift enough load to the TOU Period to achieve an overall net decrease in their electric bill."¹²

3. TOU Period Rate: The TOU Period Rate is seventy-five percent (75%) of the Non-TOU Period Rate.

KIUC, in choosing to select the Non-TOU Period Rate at this amount, explains:

Under modeled scenarios, the cost differential between the Non-TOU Period and the TOU Period amounts to roughly 4 cents/kWh. KIUC is not convinced that this would be sufficient to create

¹¹Transmittal No. 2015-01, at 4.

¹²Transmittal No. 2015-01, at 9.

significant customer interest in a TOU rate offering. To this end, KIUC has set the TOU Period rate at 75% of the non-TOU rate (as modeled, the TOU Period rate would be \$0.30276/kWh, which is 75% of the 2015 budgeted effective residential rate at the time the TOU rate was modeled). While it cannot be tied back to a specific cost of generation differential, KIUC seeks to test this price point, which, as modeled, offers a roughly 10 cents/kWh discount for using power during the TOU Period. If successful, KIUC will use energy-related data collected during the pilot program to analyze whether there could be other benefits, such as curtailment avoidance and customer-generator contributed technical benefits that may justify a rate that is not derived purely from the generation cost differential between the Non-TOU Period and TOU Period.

Transmittal No. 2015-01, at 10 (emphasis added).

4. Positive Incentive Program: The pilot program is designed as a positive incentive program, with no corresponding punitive component. Thus, "participants are given the opportunity to reduce their electric bills by modifying their usage patterns; however, failure to modify usage patterns would not result in higher-than-current electric bills."¹³

D.

Consumer Advocate's Position

The Consumer Advocate concurs with KIUC on the fundamental purpose and need for the pilot program, "which has the

¹³Transmittal No. 2015-01, at 6.

potential to address a growing need as distributed solar penetration increases on the island of Kauai and assist in developing other programs or rate designs."¹⁴ The Consumer Advocate, thus, does not object to the commission's approval of KIUC's transmittal.

That said, the Consumer Advocate recommends that the commission adopt the following conditions for the purpose of addressing the Consumer Advocate's noted questions:

1. The pilot program should include an evaluation period mid-way through the program (i.e., approximately at thirty-five weeks), shortly after KIUC evaluates the participants' experience and feedback, in order to "facilitate the opportunity to better evaluate the program by allowing different price points or expanding the program to a larger pool of customers."¹⁵

2. Consistent with Condition No. 1, above, proposed Schedule TOU-S "should be revised to allow such flexibility in testing different price points or expansion of the program at the mid-way point."¹⁶

3. Proposed Schedule TOU-S should also be revised to make it clear that each participant remains a customer under

¹⁴Statement of Position, filed on September 9, 2015.

¹⁵Statement of Position, at 7.

¹⁶Statement of Position, at 7.

Schedule D, and as such, all other rates and provisions of Schedule D still apply.

4. Consistent with KIUC's representation that it will share the data and results (i.e., evaluation) of its pilot program with the commission:¹⁷

A. KIUC must "diligently track and review the program costs and assess whether the revenues associated with the proposed program remain revenue neutral for KIUC."¹⁸

B. KIUC's information should include, at a minimum: (1) data which aggregates total participant usage, including the average total daily participant usage and the underlying data files; (2) data which illustrates participants' load curve prior to and during the pilot program; (3) "data of the participant's usage patterns after the program pricing has been terminated to evaluate the lasting power of behavior modification and energy consumption of participants[;]"¹⁹ and (4) "data on the impact on the need to curtail energy from PV resources[.]"²⁰

¹⁷Transmittal No. 2015-01, at 13 n.5.

¹⁸Statement of Position, at 8.

¹⁹Statement of Position, at 8 n.15.

²⁰Statement of Position, at 8.

The purpose of such data, the Consumer Advocate explains, is to facilitate its detailed analyses in evaluating the efficacy of the pilot program.

5. "[I]f KIUC seeks the authority to recover program costs in the future, any cost recovery would be limited to costs incurred on a prospective basis and KIUC would not be entitled to seek retroactive recovery of costs incurred prior to the authority, if granted, to recover program costs."²¹

6. Consistent with Condition No. 5, above, KIUC must "file the actual costs incurred for the TOU-S pilot program itemized by the various functions of the program that would allow the Commission and Consumer Advocate to better understand the costs associated with the proposed program."²²

7. KIUC must assess "whether any aspect of this program has resulted in higher revenues to KIUC. If so, KIUC should be required to file its position on whether KIUC should return the incremental revenues to its customers/members in the form of either patronage capital or other mechanism."²³

²¹Statement of Position, at 9.

²²Statement of Position, at 9.

²³Statement of Position, at 10.

E.

KIUC's Reply

Following KIUC's review of the Consumer Advocate's position statement, KIUC informally discussed the proposed conditions with the Consumer Advocate. As a result, KIUC and the Consumer Advocate agreed upon: (1) KIUC's filing of preliminary and final evaluation reports; and (2) certain additional language to KIUC's proposed Schedule TOU-S. KIUC's and the Consumer Advocate's agreements, in turn, are reflected in KIUC's reply position statement, filed on September 15, 2015.²⁴

First, KIUC agrees to file a preliminary evaluation report midway through the seventy-week pilot program (i.e., approximately at thirty-five weeks), and a final evaluation report within ninety days following the completion of the seventy-week pilot program.

Second, KIUC agrees to add the following language to its proposed Schedule TOU-S:²⁵

Availability:

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The scope of the pilot program (e.g., number of participants, rates, rate time periods) may be subject to change. Any change in the scope of the program will be made to better promote the objectives of the Time-of-Use Solar Rate Pilot

²⁴See Reply Position Statement, at 3-4.

²⁵KIUC's proposed additions are underscored.

Program as determined by the Company's preliminary evaluation mid-way through the pilot program. Any change shall be approved by the Commission subject to a short notice tariff filing, as set forth by Hawaii Administrative Rules § 6-61-112.

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3. The approximately 300 participants (or such other number as approved by the Commission) of the pilot program will be selected by the Company and solicited based on energy use profiles, collected through smart meter customer data, that appear favorable to load shifting. The above TOU-S rates shall be available and applicable only to residential customers participating in this program.

.

5. Each participating customer shall be eligible for up to \$200 in payment toward the installation of a timer on a water heater or any other device approved by the Company that facilitates shifting load to the TOU hours (i.e., the time period starting at 9 a.m. and ending at 3 p.m., or such other time period as approved by the Commission).

6. Except as otherwise provide in this Schedule "TOU-S," service supplied under this Schedule "TOU-S" shall be subject to the existing provisions set forth in Schedule "D" and all other applicable provisions stated in the Company's Tariff.

Reply Position Statement, Attachment A, at Sheets Nos. 139-140 (KIUC's additional agreed-upon language to its proposed Schedule TOU-S).

II.

Discussion

All rates, charges, classifications, schedules, rules, and practices made, charged, or observed by a public utility must be just and reasonable and filed with the commission in accordance with HRS § 269-16(a) and (b). State of Hawaii law, in turn, also authorizes a public utility to establish such a rate, charge, classification, schedule, rule, or practice following thirty days' notice to the commission. HRS §§ 269-16(b) and 269-12(b).

The commission approves as just and reasonable KIUC's proposed Schedule TOU-S, subject to the conditions adopted by the commission, as discussed below. In support thereto, the commission specifically finds and concludes:

1. KIUC's overall assertion in its transmittal that Schedule TOU-S is designed to mitigate curtailment issues associated with the large amount of PV resources that have been added to its system appears to lack evidentiary support. Nonetheless, as KIUC separately explains in its 2013-2015 Strategic Plan, the "rapid expansion" of commercial and residential PV systems on Kauai "is not only eroding KIUC's ability to recover its fixed costs, but has the potential to exceed load demand, forcing KIUC to consider actions including curtailment,

essentially reducing the amount of power generated by KIUC-owned PV systems before it comes into the grid."²⁶

2. The underlying purpose of Schedule TOU-S is to incentivize and encourage residential participants, through KIUC's proposed TOU Period Rate, to modify their energy usage patterns by shifting more usage to the mid-daytime hours when KIUC's system is experiencing "excess" solar energy generation, i.e., during the proposed TOU Period from 9:00 a.m. to 3:00 p.m. Such a shifting of energy load (i.e., load shifting) is intended to decrease energy usage during periods when solar energy generation is not so readily available, i.e., during the proposed Non-TOU Period from 3:01 p.m. to 8:59 a.m., thereby mitigating curtailment issues and providing greater system stability.²⁷

3. As the Consumer Advocate observes in this regard:

The Consumer Advocate is interested in the efficacy of rate design in helping Hawaii address the identified dilemma widely referred to as the duck curve. If rate design modifications can provide sufficient incentive to accomplish both a decrease in the potential need to curtail energy from renewable sources during the day, as well as reduce consumption during evening peak hours, this could be a much more cost effective solution than installing energy storage solutions or supply-side options.

²⁶KIUC's 2013-2025 Strategic Plan, at 1.

²⁷Transmittal No. 2015-01, at 4-7; see also id., at 9 (solar PV essentially comprises all of KIUC's self-generating customers).

Statement of Position, at 5; see also id., at 7 (the pilot program has the potential to address a growing need as distributed solar penetration increases on Kauai, and assist in developing other programs or rate designs).

4. KIUC intends to utilize the data and information it collects from its proposed pilot program to test and evaluate: (A) whether a TOU solar rate structure actually changes the participants' energy usage patterns; and (B) whether a TOU solar rate structure does in fact mitigate curtailment issues and lead to greater system stability.²⁸

5. Potential participants, in turn, include customers who are unable to install rooftop solar systems because they are renters, multi-family residents, or due to other reasons such as financial constraints. As a result, KIUC proposes to provide such "test group" of residential customers the opportunity to indirectly benefit from the energy rates attributable to self-generated solar energy.²⁹

6. KIUC explains that: (A) at the time it modeled its proposed TOU Period Rate, its 2015 budgeted effective residential rate for the Non-TOU Period Rate was \$0.40368 per kWh, i.e., essentially the Energy Charge set forth in Schedule D;

²⁸Transmittal No. 2015-01, at 4.

²⁹Transmittal No. 2015-01, at 3-4 and 7.

and (B) it chose to set the TOU Period Rate at \$0.30276 per kWh, approximately seventy-five percent (75%) of KIUC's 2015 budgeted effective residential rate at the time it modeled its proposed TOU Period Rate (in other words, 75% of the Non-TOU Period Rate of \$0.40368 per kWh).³⁰ As such, KIUC represents that its proposed Non-TOU Period Rate "offers roughly a 10 cents/kwh discount for using power during the TOU Period."³¹

7. KIUC also explains that it will rely on its existing smart meters and billing systems to capture and maintain any necessary data to evaluate the potential benefits attributable to the pilot program. Thus, its "[d]ata collection costs are anticipated to be minimal."³² Changes to its billing system "to accommodate TOU billing calculations and a line item added to individual bills to show the TOU charges" are also "anticipated to be fairly minimal."³³

8. KIUC represents that it will not, at this time, seek to recover through its Resource Cost Adjustment surcharge, the estimated costs of \$125,000 associated with implementing the pilot program.

³⁰Transmittal No. 2015-01, at 8-10.

³¹Transmittal No. 2015-01, at 10.

³²Transmittal No. 2015-01, at 13.

³³Transmittal No. 2015-01, at 13-14.

9. KIUC's existing Schedule D does not include any time-of-use rates. As such, Schedule TOU-S provides KIUC with the opportunity to implement residential time-of-use rates on a pilot basis.

The commission's approval of KIUC's Schedule TOU-S is subject to the following conditions, which the commission adopts as reasonable:

1. Schedule TOU-S shall include the additional language KIUC agreed to incorporate as a result of the Consumer Advocate's comments, except for the following language, which shall be deleted:

Any change shall be approved by the Commission subject to a short notice tariff filing, as set forth by Hawaii Administrative Rule § 6-61-112.

Reason for deletion: The above-cited deleted language appears to require the commission to: (A) approve any changes to Schedule TOU-S which KIUC may propose in the future; and (B) grant said approval on short notice. Such a requirement is contrary to the commission's discretionary authority to approve or not approve any proposed future revisions to Schedule TOU-S.

2. KIUC shall file a preliminary evaluation report at the end of the 35th week, and a final evaluation report within sixty days following the end of the 70th week.

3. KIUC's evaluation reports shall include the following information, to the extent applicable:

A. Data on the recruitment and selection process of the participants, to reflect the commission's view that KIUC must engage in an open, transparent process. Such data shall include information on the protocols and methods of outreach.

B. An assessment of whether the revenues associated with Schedule TOU-S are revenue neutral.

C. Data which aggregates total participant usage, including the average total daily participant usage and the underlying data files.

D. Data which illustrates participants' load curve prior to and during the pilot program.

E. Data of the participant's usage patterns after the program pricing has been terminated to evaluate the lasting power of behavior modification and energy consumption of participants.

F. Data on the impact on the need to curtail energy from PV resources.

G. Data on the actual costs KIUC incurs for the pilot program, itemized by the various functions of the program.

H. An assessment of whether any aspect of the pilot program has resulted in higher revenues for KIUC. If yes, KIUC's position on whether it should return the incremental revenues to its customers/members in the form of either patronage capital or some other mechanism.

I. KIUC's characterizes its pilot program as positive incentive program, with no corresponding punitive component. Given KIUC's "no risk to participants" approach in developing Schedule TOU-S, KIUC shall assess whether a punitive component (i.e., penalty provisions) should be incorporated as part of Schedule TOU-S.

J. Proposed revisions to Schedule TOU-S, if any, with the supporting evidence.

4. Should KIUC seek the commission's approval to recover pilot program costs in the future, any such cost recovery shall be limited to costs incurred on a prospective basis. KIUC shall not seek to retroactively recover any costs incurred prior to any approval granted by the commission to recover pilot program costs.

The commission's conditions: (1) are consistent in principle with the Consumer Advocate's recommended conditions, subject to the revisions agreed-upon by KIUC and the Consumer Advocate; and (2) provide KIUC with the opportunity to develop and substantiate their underlying assumption that the pilot program is designed to achieve revenue neutrality.

III.

Orders

THE COMMISSION ORDERS:

1. KIUC's Transmittal No. 2015-01, filed on June 22, 2015, as amended on June 25, 2015, July 7, 2015, and August 7, 2015, is approved, subject to certain conditions. As a result, the commission specifically approves KIUC's proposed Schedule TOU-S, its TOU Solar Rate Pilot Program.

2. The following conditions shall apply to the commission's approval of Schedule TOU-S:

A. Schedule TOU-S shall include the additional language KIUC agreed to incorporate as a result of the Consumer Advocate's comments, except for the following language, which shall be deleted:

Any change shall be approved by the Commission subject to a short notice tariff filing, as set forth by Hawaii Administrative Rule § 6-61-112.

B. KIUC shall file a preliminary evaluation report at the end of the 35th week, and a final evaluation report within sixty days following the end of the 70th week, with copies served upon the Consumer Advocate.

C. KIUC's evaluation reports shall include the following information, to the extent applicable:

(1) Data on the recruitment and selection process of the participants, to reflect the commission's view that KIUC must

engage in an open, transparent process. Such data shall include information on the protocols and methods of outreach.

(2) An assessment of whether the revenues associated with Schedule TOU-S are revenue neutral.

(3) Data which aggregates total participant usage, including the average total daily participant usage and the underlying data files.

(4) Data which illustrates participants' load curve prior to and during the pilot program.

(5) Data of the participant's usage patterns after the program pricing has been terminated to evaluate the lasting power of behavior modification and energy consumption of participants.

(6) Data on the impact on the need to curtail energy from PV resources.

(7) Data on the actual costs KIUC incurs for the pilot program, itemized by the various functions of the program.

(8) An assessment of whether any aspect of the pilot program has resulted in higher revenues for KIUC. If yes, KIUC's position on whether it should return the incremental revenues to its customers/members in the form of either patronage capital or some other mechanism.

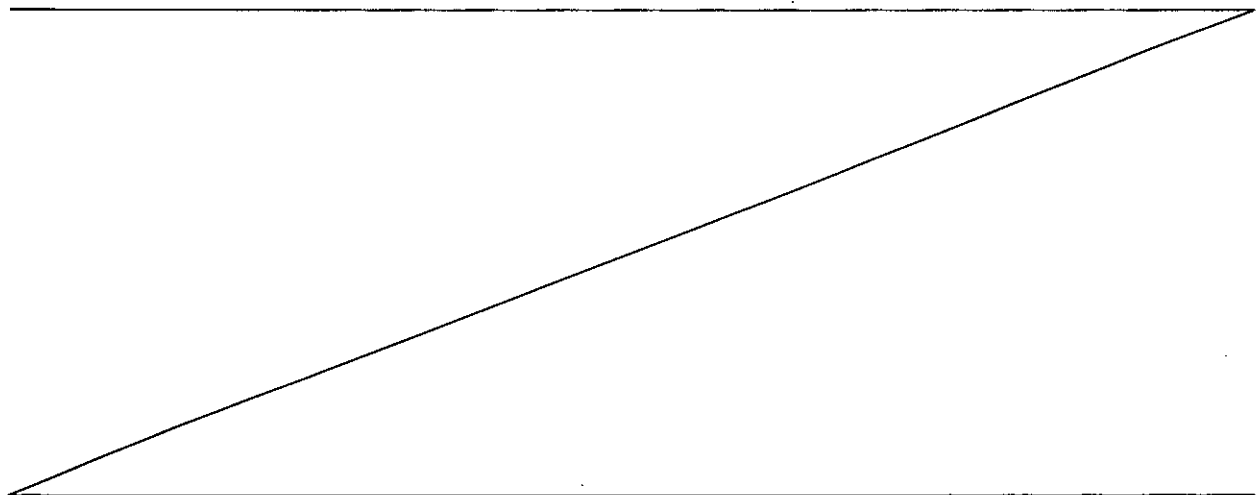
(9) An assessment of whether a punitive component (i.e., penalty provisions) should be incorporated as part of Schedule TOU-S.

(10) Proposed revisions to Schedule TOU-S, if any, with the supporting evidence.

3. Should KIUC seek the commission's approval to recover pilot program costs in the future, any such cost recovery shall be limited to costs incurred on a prospective basis. KIUC shall not seek to retroactively recover any costs incurred prior to any approval granted by the commission to recover pilot program costs.

4. Within two business days from the date of this Decision and Order, KIUC shall file its commission-approved tariff sheets for Schedule TOU-S, with the applicable issued and effective dates.

5. By September 30, 2015, KIUC shall provide the commission and the Consumer Advocate with the specific dates that govern the seventy-eight week period of the pilot program, including the deadline dates for the filing of KIUC's preliminary and final evaluation reports.



6. The commission reserves the right to review, modify, and terminate Schedule TOU-S at any time, consistent with the public interest.

DONE at Honolulu, Hawaii SEP 21 2015.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 

Randall Y. Iwase, Chair

By 

Michael E. Champley, Commissioner

By 

Lorraine H. Akiba, Commissioner

APPROVED AS TO FORM:



Michael Azama
Commission Counsel

TRANSMITTAL NO. 2015-01.1jk

CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail,
postage prepaid, and properly addressed to the following parties:

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